

DEPARTMENT OF THE AIR FORCE  
HEADQUARTERS UNITED STATES AIR FORCE  
WASHINGTON 25, D.C. DPD-2141-62

#994

REPLY TO:  
Auditor General  
Comptroller, USAF  
Eastern District  
Liaison Officer  
P.O. Box 8155  
S.W. Station  
Washington, D.C.



REPLY TO  
ATTN OF:

SUBJECT:

TO:

13 April 1962

SUBJECT: Report on Evaluations of Estimated Cost Proposals  
ITEK Laboratories  
Lexington Massachusetts  
Proposals For:  
(1) Tri-Magnification Multiple - Input High Acuity Viewer  
(2) Extension of Spatial Filtering Development for Image  
Enhancement Viewer  
(3) Special Resolution Test Films

TO : Contracting Officer

REF : DPD-0365-62 and DPD-0367-62

1. In accordance with referenced requests, the subject proposals have been reviewed by the Auditor. Comments pertaining thereto are contained in subsequent paragraphs.

2. Subject Proposal (1):

a. Work will be performed by the Special Equipments Division at the Crescent Street facility in Waltham, Massachusetts.

25X1A [ ] b. The method of costing was found to be acceptable. Overhead of  
25X1A [ ] and G&A of [ ] appear reasonable for application to costs generated  
25X1A [ ] during the Fiscal Year 1963. The Auditor is of the opinion that the costs  
proposed are reasonable and recommends acceptance thereof. The profit rate  
of [ ] which has been applied by the Contractor is referred to the Contracting  
Officer for consideration.

3. Subject Proposal (2):

25X1A a. Costs proposed by the Contractor appear reasonable to the  
25X1A Auditor and are recommended for acceptance. As a matter of fact, the over-  
25X1A head of [ ] and G&A rate of [ ] applied by the Contractor are lower than the  
25X1A rates of [ ] and [ ] respectively, which the Auditor considers to be more  
25X1A realistic in the light of current experience. Application of the latter rates  
25X1A in lieu of those used by the Contractor would increase the proposed costs by  
[ ]

BB-425  
T O # 4

25X1A

b. The rate used by the Contractor of  for fee is referred to the Contracting Officer for consideration.

4. Subject Proposal (3):

25X1A

a. Unit selling prices proposed by the Contractor are on a firm fixed price basis. The basic costs proposed by the Contractor were found by the Auditor to be reasonable, however, a profit factor of  has been applied by the Contractor in each of the segments of the proposal as shown below:

Proposed Unit Selling Prices  
Quantity of 10 Each      Quantity of 48 each

25X1A

5" Test Film:  
Cost  
Profit  
Total

70MM Test Film:  
Cost  
Profit  
Total

9½" Test Film:  
Cost  
Profit  
Total

25X1A

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b. While costs are recommended as reasonable, profit  is referred to the Contracting Officer for consideration.

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Audit Liaison Officer  
Eastern District  
Auditor General

25X1A